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August 9, 2013

The Honorable Jocelyn Boyd  
Chief Clerk of the Commission  
Public Service Commission of South Carolina  
Post Office Drawer 11649  
Columbia, South Carolina 29211

Re: Joint Application of TC Systems, Inc. , And Teleport Communications America, LLC, for Approval of Asset Transfer  
Docket No. 2013-\_\_\_\_-C

Dear Ms. Boyd:

Enclosed for filing is the Verified Direct Testimony of James F. Dionne in support of the Joint Application for Approval of Asset Transfer filed by TC Systems, Inc., and Teleport Communications America, LLC in this proceeding by separate cover.

By copy of this letter, I am serving the Office of Regulatory Staff a copy of this testimony as indicated on the attached Certificate of Service.

Sincerely,

A handwritten signature in black ink that reads "Patrick W. Turner". The signature is written in a cursive, flowing style.

Patrick W. Turner

PWT/nml  
Enclosure  
cc: Office of Regulatory Staff  
1036486

1 TC SYSTEMS, INC. AND  
2 TELEPORT COMMUNICATION AMERICA, LLC,  
3 VERIFIED DIRECT TESTIMONY OF JAMES F. DIONNE  
4 BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA  
5 DOCKET NO. \_\_\_\_\_  
6 AUGUST 9, 2013  
7

8 Q. PLEASE STATE YOUR NAME, YOUR EMPLOYER, AND YOUR  
9 BUSINESS ADDRESS.  
10

11 A. My name is James F. Dionne. I am employed by AT&T Services, Inc., and I  
12 am the Chief Financial Officer of TC Systems, Inc., (“TC Systems”) and of  
13 Teleport Communications America, LLC (“TCA”). My business address is  
14 One AT&T Way, Room 3C213, Bedminster, New Jersey 07921.  
15

16 Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR BACKGROUND  
17 AND EXPERIENCE.  
18

19 A. I have over 30 years experience in the telecommunications and accounting  
20 industries. Following graduation from the University of Missouri in 1979 with  
21 a degree in Accountancy, I joined the public accounting firm of Coopers &  
22 Lybrand in St. Louis, Missouri. In July 1983 I was hired by AT&T Corp. in  
23 the Regulatory Financial Management organization of the Finance Department.

1 Over the past 30 years I have held various positions in AT&T's Regulatory  
2 Finance, Controllers, and External Affairs organizations. I was promoted to  
3 Division Manager – Regulatory Reporting (later the title was changed to  
4 Assistant Vice President-Accounting) for AT&T Corp. in 1999. At that time I  
5 was named Chief Financial Officer for each of the Teleport and AT&T  
6 Communications entities across the country, including TC Systems, Inc.  
7 Shortly after the acquisition of AT&T Corp. by SBC Communications Inc., I  
8 became responsible for the combined company's (now known as AT&T Inc.)  
9 Regulatory Accounting organization, which entails state and federal financial  
10 reporting, legal entity financial accounting, records information management,  
11 certain affiliate billing processes, and testing, sampling, and interviewing in  
12 support of various marketing and network cost studies. I am a Certified Public  
13 Accountant (1979) and a Certified Management Accountant (1994). In  
14 addition, I received my Masters of Business Administration from New York  
15 University in 2000. Lastly, I became Chief Financial Officer of TCA when it  
16 was formed in 2012.

17

18 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

19

20 A. The purpose of my testimony is to provide information in support of the Joint  
21 Application of TC Systems and TCA for an Order: approving the transfer to  
22 TCA of all of TC Systems' property, powers, franchises, or privileges; and  
23 granting the related relief requested in that Joint Application. I will provide a

1           brief overview of TC Systems and TCA, explain why TC Systems and TCA  
2           want to accomplish this transaction, and demonstrate that the transaction  
3           complies with applicable regulatory requirements.

4

5    Q.    IN YOUR CURRENT POSITION, WHAT ARE YOUR DUTIES AND  
6           RESPONSIBILITIES WITH REGARD TO TC SYSTEMS AND TCA?

7

8    A.    In my role as CFO for not only TC Systems and TCA, but also for each of the  
9           Teleport and AT&T Communications entities across the country, I am the  
10          approving officer for all financial reports filed with the state public utility  
11          commissions and state universal service fund administrators. With this  
12          responsibility, my team works closely with various operations and  
13          administrative organizations within the AT&T family of companies to ensure  
14          revenue and other financial information are accurately recorded on the books  
15          and records of each entity and are prepared in accordance with the rules and  
16          regulations established in each state, and that the reports are filed in a timely  
17          manner. To the extent any payment must accompany filings or subsequent  
18          invoices must be paid, my team verifies and processes the payment  
19          documentation for timely and accurate remittances.

20

21   Q.    ARE YOU AUTHORIZED TO TESTIFY ON BEHALF OF BOTH TC  
22          SYSTEMS AND TCA IN THIS PROCEEDING?

23

1     A.     Yes. I am an officer of both entities.

2

3     Q.     PLEASE GIVE A BRIEF OVERVIEW OF TC SYSTEMS.

4

5     A.     TC Systems is a corporation formed and existing under the laws of the State of  
6           Delaware and is a wholly-owned indirect subsidiary of AT&T Corp. Exhibit  
7           JFD-1 is a copy of the TC Systems' Certificate of Formation. TC Systems is  
8           authorized to provide local exchange, including exchange access, services and  
9           interexchange telecommunications services in the State of South Carolina  
10          pursuant to a Certificate of Public Convenience and Necessity the Commission  
11          granted in Order No. 2004-314 in Docket No. 2004-074-C. The Order  
12          provides that "[a]ny proposal to provide competitive local exchange  
13          telecommunications services to areas served by rural telephone companies is  
14          subject to the terms of the Stipulation" between TC Systems and the South  
15          Carolina Telephone Coalition that is attached to the Order as Exhibit 1. TC  
16          Systems currently provides access services to certain customers in South  
17          Carolina – it does not serve any retail end users in this State.

18

19    Q.     PLEASE GIVE A BRIEF OVERVIEW OF TCA

20

21    A.     TCA, a wholly-owned indirect subsidiary of AT&T Corp., is a limited liability  
22          company formed and existing under the laws of the State of Delaware as of  
23          June 6, 2012. Exhibit JFD-2 is a copy of TCA's Certificate of Formation, and

1 Exhibit JFD-3 is a copy of TCA's "Certificate of Authorization" to do business  
2 in South Carolina. TCA is not currently certificated or otherwise authorized to  
3 provide, and does not provide, any regulated telecommunications services in  
4 South Carolina.

5

6 Q. WHAT ARE TC SYSTEMS AND TCA ASKING THIS COMMISSION TO  
7 DO?

8

9 A. TC Systems intends to transfer to TCA, on or about October 31, 2013, all of  
10 TC Systems' assets that serve South Carolina customers, including without  
11 limitation accounts receivable, customer base, and all certificates and  
12 authorizations described above. TC Systems and TCA are asking the  
13 Commission to approve this transaction and to grant the related relief requested  
14 in the Joint Application before October 31, 2013.

15

16 Q. WHY DO TC SYSTEMS AND TCA WANT TO ACCOMPLISH THIS  
17 TRANSACTION?

18

19 A. The primary purposes behind the proposed transaction are to increase  
20 efficiency and provide a more seamless customer experience.

21

22 TC Systems is one of many subsidiaries of AT&T Corp. that currently offer  
23 various services including without limitation competitive local exchange

1 services and interexchange telecommunications services in various states and  
2 the District of Columbia. This transaction is part of an on-going initiative of  
3 the AT&T family of companies to consolidate the provision of intrastate  
4 regulated telephone services that have been provided through multiple and  
5 duplicative subsidiaries.

6

7 Q. WILL THE TRANSACTION NEGATIVELY IMPACT THE PROVISION  
8 OF TELECOMMUNICATIONS SERVICES IN SOUTH CAROLINA?

9

10 A. No. This corporate change is strictly *pro forma* and will not impact the  
11 provision of telecommunications services in South Carolina. There will be no  
12 change in the ultimate ownership, control or management or the day-to-day  
13 operations of the authorized carrier. Service will be provided using the same  
14 network, billing systems, and customer service operations used by TC Systems  
15 today. After the transaction is complete, TCA will provide current TC  
16 Systems customers with the services they are currently receiving from TC  
17 Systems pursuant to TCA contracts and/or tariffs that offer such services under  
18 the same rates, terms and conditions as these customers currently receive.

19

20 Q. AFTER THE TRANSACTION IS COMPLETE, WILL TCA HAVE  
21 TECHNICAL AND MANAGERIAL RESOURCES SUFFICIENT TO  
22 PROVIDE THE SERVICES THAT TC SYSTEMS CURRENTLY IS  
23 CERTIFICATED TO PROVIDE IN THE STATE OF SOUTH CAROLINA?

1

2     A.     Yes. All of the technical and managerial resources of TC Systems used to  
3             serve South Carolina customers (including without limitation employees) will  
4             be transferred to TCA, which already provides regulated intrastate  
5             telecommunications services in many states and the District of Columbia. It  
6             should also be noted that the sufficiency of TC Systems' technical and  
7             managerial resources has not been called into question at the Commission in  
8             the nine years that it has been providing service in South Carolina.  
9             Accordingly, after the transaction is complete, TCA will have technical and  
10            managerial resources sufficient to provide the services that TC Systems  
11            currently is certificated to provide in the State of South Carolina.

12

13    Q.     AFTER THE TRANSACTION IS COMPLETE, WILL TCA HAVE  
14             FINANCIAL RESOURCES SUFFICIENT TO PROVIDE THE SERVICES  
15             THAT TC SYSTEMS CURRENTLY IS CERTIFICATED TO PROVIDE IN  
16             THE STATE OF SOUTH CAROLINA?

17

18    A.     Yes. All of the financial resources of TC Systems used to serve South  
19             Carolina customers will be transferred to TCA. The sufficiency of TC  
20             Systems' financial resources has not been called into question at the  
21             Commission in the nine years that it has been providing service in South  
22             Carolina. Accordingly, TCA will have technical and managerial resources



1 sufficient to provide the services that TC Systems currently is certificated to  
2 provide in the State of South Carolina.

3

4 Q. WILL THE PROPOSED TRANSACTION NEGATIVELY IMPACT THE  
5 CUSTOMERS THAT ARE CURRENTLY RECEIVING SERVICE FROM  
6 TC SYSTEMS?

7

8 A. No. After the transaction is complete, TCA will provide current TC Systems  
9 customers with the same services they are currently receiving from TC  
10 Systems pursuant to TCA contracts and/or tariffs that offer such services under  
11 the same rates, terms and conditions as these customers currently receive.

12

13 Q AFTER THE TRANSACTION IS COMPLETE, WILL TCA PROVIDE  
14 SERVICES THAT WILL MEET THE APPLICABLE SERVICE  
15 STANDARDS THAT THE COMMISSION HAS ADOPTED AND THAT  
16 THE COMMISSION MAY ADOPT?

17

18 A. Yes.

19

20 Q. AFTER THE TRANSACTION IS COMPLETE, WILL TCA'S PROVISION  
21 OF SERVICE ADVERSELY IMPACT THE AVAILABILITY OF  
22 AFFORDABLE LOCAL EXCHANGE SERVICE?

23

1     A.     No.

2

3     Q.     AFTER THE TRANSACTION IS COMPLETE, WILL TCA, TO THE

4           EXTENT THAT IT MAY BE REQUIRED TO DO SO BY THE

5           COMMISSION, PARTICIPATE IN THE SUPPORT OF UNIVERSALLY

6           AVAILABLE TELEPHONE SERVICE AT AFFORDABLE RATES?

7

8     A.     Yes.

9

10    Q.     AFTER THE TRANSACTION IS COMPLETE, WILL TCA'S PROVISION

11          OF SERVICE OTHERWISE ADVERSELY IMPACT THE PUBLIC

12          INTEREST?

13

14    A.     No.

15

16    Q.     WILL TC SYSTEMS' CUSTOMERS BE GIVEN PRIOR NOTICE OF THE

17          PROPOSED TRANSACTION?

18

19    A.     Yes.  TC Systems' South Carolina customers will receive the following notice

20          of the impending transaction by way of bill messages: "Subject to regulatory

21          approvals, effective on or about October 31, 2013, your service provider will

22          be Teleport Communications America, LLC, an affiliate of TC Systems.  This

1 change will not affect the rates, terms, or conditions under which you currently  
2 receive service.”

3

4 Q. DOES TCA HAVE PLANS TO OFFER LOCAL EXCHANGE  
5 TELECOMMUNICATIONS SERVICES TO CUSTOMERS LOCATED IN A  
6 RURAL INCUMBENT LEC’S SERVICE AREA?

7

8 A. No, TCA has no plans to offer local exchange telecommunications services to  
9 a customer located in a rural incumbent LEC’s service area. Should those  
10 plans change in the future, however, TCA will honor the terms and conditions  
11 set forth in the Stipulation that is attached as Exhibit 1 to Order No. 2004-314  
12 in Docket No. 2004-074-C.

13

14 Q. AFTER THE TRANSACTION IS COMPLETE, WHO CAN THE  
15 COMMISSION STAFF CONTACT REGARDING REGULATORY AND  
16 FINANCIAL MATTERS RELATED TO TCA OR AT&T CORP.?

17

1     A.     After the transaction is complete, TCA's contact for regulatory matters will be:

2                     Cindy Cox  
3                     Executive Director  
4                     1600 Williams Street, Suite 5470  
5                     Columbia, South Carolina 29201  
6                     803-401-2252 (phone)  
7                     803-771-4680 (fax)  
8                     cc2283@att.com  
9

10            After the transaction is complete, TCA's contact regarding financial matters  
11            will be:

12                    James F. Dionne  
13                    Chief Financial Officer  
14                    One AT&T Way, Room 3C213  
15                    Bedminster, New Jersey 07921  
16                    908-234-5276 (phone)  
17                    908-532-1808 (fax)  
18                    jdionne@att.com  
19  
20

21     Q.     IN WHAT SPECIFIC GEOGRAPHIC AREA IS TCA SEEKING  
22            AUTHORITY TO PROVIDE SERVICES AFTER THE TRANSACTION IS  
23            COMPLETE?  
24

25     A.     TCA will provide services in the same geographic areas in which TC Systems  
26            is authorized to provide services. More specifically with regard to local  
27            exchange services, TCA seeks authority to provide such services on a  
28            statewide basis in South Carolina, subject to the terms of the Stipulation  
29            between TC Systems and the South Carolina Telephone Coalition that is  
30            attached to Order No. 2004-314 in Docket No. 2004-074-C as Exhibit 1. *See,*  
31            *e.g.,* Order No. 2004-314 at pp. 8-9, ¶6.

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22

Q. AFTER THE TRANSACTION IS COMPLETE, WILL TCA MAKE ANY  
TARIFF OR D/B/A FILINGS AS A RESULT OF THE TRANSACTION?

A. Yes. After the transaction is complete, TCA will make appropriate filings to  
convert any TC Systems tariffs that may exist to TCA tariffs and to operate  
under one or more d/b/a's as appropriate.

Q. THE JOINT APPLICATION, AT PAGES 7-8, SEEKS A WAIVER OF ANY  
COMMISSION-APPROVED MARKETING OR ANTI-SLAMMING  
GUIDELINES THAT ARGUABLY MAY APPLY TO THE PROPOSED  
TRANSACTION. IS THAT REQUEST CONSISTENT WITH THE  
PUBLIC INTEREST?

A. Yes. Such a limited waiver is in the public interest because after the  
transaction is complete, TCA will provide current TC Systems customers with  
the services they are currently receiving from TC Systems pursuant to TCA  
contracts and tariffs that offer such services under the same rates, terms and  
conditions as these customers currently receive. Additionally, the transfer will  
have no effect on the ability of residential local exchange customers to switch  
to another carrier after the transaction is completed.

1 Q. THE JOINT APPLICATION, AT PAGE 8, SEEKS PERMISSION TO  
2 REMOVE LOCAL CARRIER FREEZES THAT MAY EXIST FROM  
3 CUSTOMER ACCOUNTS TO THE EXTENT NECESSARY TO  
4 TRANSITION CUSTOMERS FROM TC SYSTEMS TO TCA IS THAT  
5 REQUEST CONSISTENT WITH THE PUBLIC INTEREST?

6

7 A. Yes. Granting this request ensures that no customer will lose existing service  
8 as a result of the transaction, and it does so without affecting the customer's  
9 ability to switch to another carrier, if they desire to do so, after the transaction  
10 is completed.

11

12 Q. AFTER THE TRANSACTION IS COMPLETE, WILL TCA,  
13 INDIVIDUALLY OR WITH ITS AFFILIATES, HAVE INVESTED AT  
14 LEAST FIVE MILLION DOLLARS IN TELECOMMUNICATIONS  
15 FACILITIES IN THE STATE OF SOUTH CAROLINA.

16

17 A. Yes.

18

19 Q. IN SUMMARY, WHAT ARE TC SYSTEMS AND TCA ASKING THE  
20 COMMISSION TO DO IN THIS DOCKET?

21

22 A. TC Systems and TCA are asking the Commission to enter an Order as soon as  
23 possible that: grants approval pursuant to Section 58-9-310 of the transfer of

1 all of TC Systems' property, powers, franchises and privileges (including  
2 without limitation the transfer of TC Systems' existing certificates and  
3 authorizations to provide services) used to provide services to South Carolina  
4 customers to TCA to occur on or about October 31, 2012; grants any approval  
5 that is required pursuant to Section 58-9-300; waives any "slamming"  
6 regulations that arguably would be violated by the transaction; and approves  
7 the removal of any local carrier freezes that are necessary to implement the  
8 transaction.

9

10 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

11

12 A. Yes

13

14 1084375

JFD-1

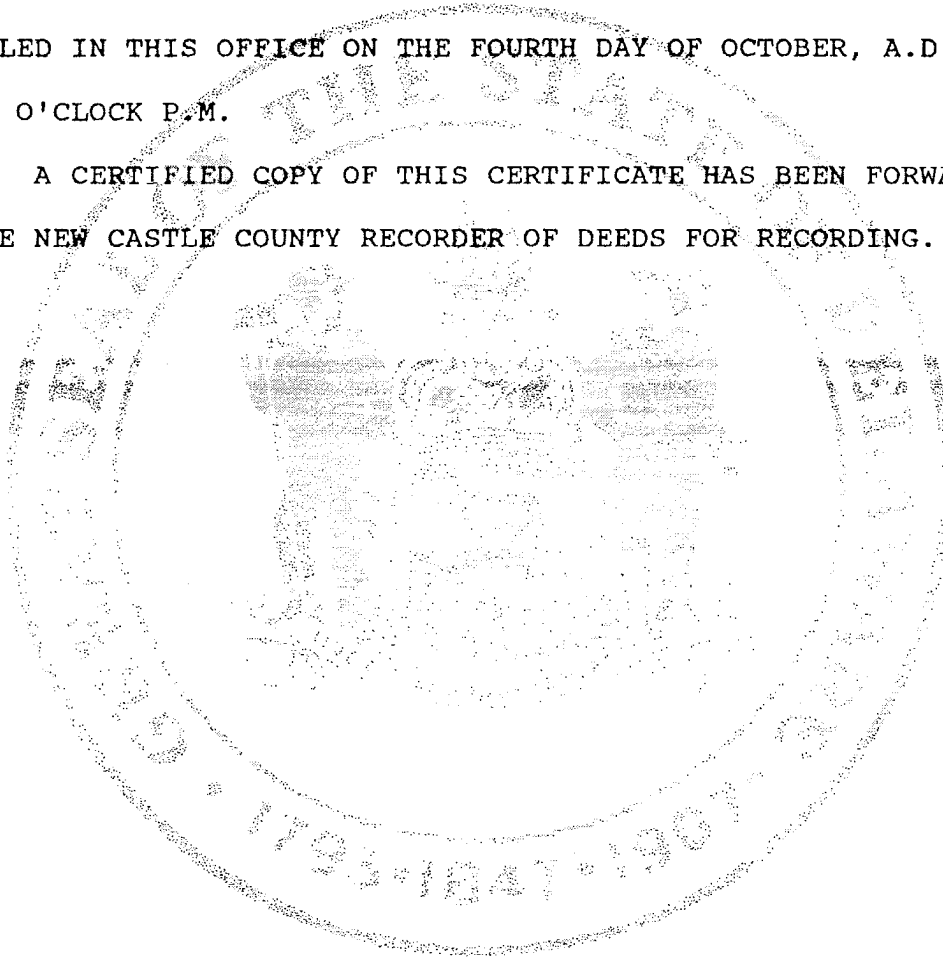


Office of the Secretary of State

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I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "TC SYSTEMS, INC.", FILED IN THIS OFFICE ON THE FOURTH DAY OF OCTOBER, A.D. 1996, AT 12 O'CLOCK P.M.

A CERTIFIED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS FOR RECORDING.



*Edward J. Freel*

Edward J. Freel, Secretary of State

AUTHENTICATION:

DATE:

2208190 8100

8135555

960289843

10-07-96

CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
TC SYSTEMS, INC.

TC SYSTEMS, INC., a corporation organized and existing under the laws of the State of Delaware, DOES HEREBY CERTIFY:

First: That the Board of Directors of the Corporation, on October 4, 1996, acting by unanimous written consent, adopted a resolution proposing and declaring advisable an amendment to the Certificate of Incorporation of the Corporation and directing that such amendment be submitted for consideration by, and unanimous written consent of, the sole stockholder of the Corporation, at the convenience of such stockholder, in lieu of a meeting of stockholders, Article III of the Certificate of Incorporation, as proposed to be amended by such resolution, is as follows:

ARTICLE III

CORPORATE PURPOSES

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware, including, without limitation, constructing, owning, using and maintaining a line or lines of electric telephone wholly within or partly without the state, or to acquire and own any interest in any such line or lines, or any grants therefor or for any or all of such purposes.


Second: That on October 4, 1996, in lieu of a meeting of stockholders, the foregoing proposed amendment was adopted by unanimous written consent of the sole stockholder of the Corporation as permitted by Section 228 of the General Corporation Law of the State of Delaware and under Article II, Section 11 of the Corporation's By-Laws.

**Third:** That the foregoing amendment has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed by a Senior Vice President, with its corporate seal to be hereunto duly affixed and to be attested by its Secretary this 4th day of October, 1996.



Attest:

  
John W. Thomson  
Secretary

By:   
Senior Vice President

State of Delaware

25638

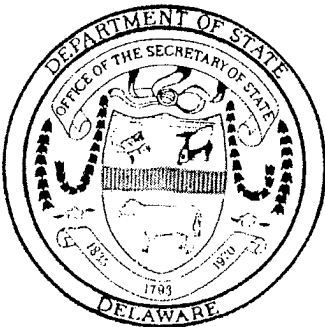


DOCUMENTARY  
SURCHARGE  
PAID \$3.00

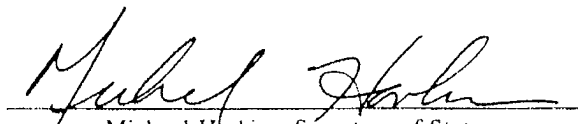
## Office of Secretary of State

I, MICHAEL HARKINS, SECRETARY OF STATE OF THE STATE OF  
DELAWARE DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT  
COPY OF THE CERTIFICATE OF INCORPORATION OF TC SYSTEMS, INC.  
FILED IN THIS OFFICE ON THE TWENTIETH DAY OF SEPTEMBER, A.D.  
1989, AT 10 O'CLOCK A.M.

| | | | |



729263003

  
Michael Harkins, Secretary of State  
AUTHENTICATION: 12344444  
DATE: 09/20/1989

729263003

## CERTIFICATE OF INCORPORATION

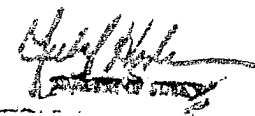
of

TC SYSTEMS, INC.

FILED

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LOAm



## ARTICLE I

Name

The name of the Corporation is TC Systems, Inc.

## ARTICLE II

## Registered Office and Registered Agent

The registered office of the Corporation in the State of Delaware is located at Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of the Corporation's registered agent is The Corporation Trust Company.

## ARTICLE III

## Corporate Purposes

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

## ARTICLE IV

## Authorized Shares

Section 1. Shares Authorized. The total number of shares of all classes of capital stock that the Corporation is authorized to issue is two thousand (2,000) shares, of which one thousand (1,000) shares shall be Common Stock, par value ten dollars (\$10.00) per share ("Common Stock") and one thousand (1,000) shares shall be Preferred Stock, par value ten dollars (\$10.00) per share ("Preferred Stock").

Section 2. Rights and Restrictions of Preferred Stock. Authority is hereby expressly vested in the Board of Directors of the Corporation, subject to the provisions of this Article IV and to the limitations prescribed by law, to authorize the issue from time to time of one or more series of Preferred Stock and with respect to

each such series to fix by resolution or resolutions the voting powers, full or limited, if any, of the shares of such series and the designations, preferences and relative, participating, optional or other special rights and the qualifications, limitations or restrictions thereof. The authority of the Board of Directors with respect to each series shall include, but not be limited to, the determination or fixing of the following:

(a) The designation of such series.

(b) The dividend rate of such series, the conditions and dates upon which such dividends shall be payable, the relation which such dividends shall bear to the dividends payable on any other class or classes or series of the Corporation's capital stock, and whether such dividends shall be cumulative or non-cumulative.

(c) Whether the shares of such series shall be subject to redemption for cash, property or rights, including securities of any other corporation, by the Corporation at the option of either the Corporation or the holder or both or upon the happening of a specified event, and, if made subject to any such redemption, the times or events, prices and other terms and conditions of such redemption.

(d) The terms and amount of any sinking fund provided for the purchase or redemption of the shares of such series.

(e) Whether or not the shares of such series shall be convertible into, or exchangeable for, at the option of either the holder or the Corporation or upon the happening of a specified event, shares of any other class or classes or of any other series of the same or any other class or classes of the Corporation's capital stock and, if provision be made for conversion or exchange, the times or events, prices, rates, adjustments, and other terms and conditions of such conversions or exchanges.

(f) The restrictions, if any, on the issue or reissue of any additional Preferred Stock.

(g) The rights of the holders of the shares of such series upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

(h) The provisions as to voting, options and/or other special rights and preferences, if any.

Section 3. Rights and Restrictions of Common Stock. The powers, preferences, rights, qualifications, limitations or restrictions thereof in respect to the Common Stock are as follows:

(a) The Common Stock is junior to the Preferred Stock and is subject to all powers, rights, privileges, preferences and priorities of the Preferred Stock as herein or in any resolution or resolutions adopted by the Board of Directors pursuant to authority expressly vested in it by the provisions of Section 2 of this Article.

(b) The Common Stock shall have voting rights for the election of directors and for all other purposes, each holder of Common Stock being entitled to one vote for each share thereof held by such holder, except as otherwise required by law.

Section 4. Increase or Decrease in Amount of Authorized Shares. The number of authorized shares of any class or classes of capital stock of the Corporation may be increased or decreased by an amendment to this Certificate of Incorporation authorized by the affirmative vote of the holders of a majority of the shares of the Common Stock outstanding and entitled to vote thereon and, except as expressly provided in the Certificate of Incorporation or in any resolution or resolutions adopted by the Board of Directors pursuant to the authority expressly vested in it by the provisions of Section 2 of this Article with respect to the Preferred Stock and except as otherwise provided by law, no vote by holders of capital stock of the Corporation other than the Common Stock shall be required to approve such action.

Section 5. Shares Entitled to More or Less than One Vote. If, on any matter, any class or series of the Corporation's capital stock shall be entitled to more or less than one vote for any share, every reference in this Certificate of Incorporation and in any relevant provision of law to a majority or other proportion of stock shall refer to such majority or other proportion of the votes of such stock.

## ARTICLE V

### Corporate Existence

The Corporation is to have perpetual existence.

## ARTICLE VI

### Powers of Board of Directors

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors of the Corporation is expressly authorized:

(a) To make, alter, amend or repeal the By-Laws, except as otherwise expressly provided in any By-Law made by the holders of the capital stock of the Corporation entitled to vote there-

on. Any By-Law may be altered, amended or repealed by the holders of the capital stock of the Corporation entitled to vote thereon at any annual meeting or at any special meeting called for that purpose.

(b) To authorize and cause to be executed mortgages and liens upon the real and personal property of the Corporation.

(c) To determine the use and disposition of any surplus and net profits of the Corporation, including the determination of the amount of working capital required, to set apart out of any of the funds of the Corporation, whether or not available for dividends, a reserve or reserves for any proper purpose and to abolish any such reserve in the manner in which it was created.

(d) To designate, by resolution passed by a majority of the whole Board of Directors, one or more committees, each committee to consist of two or more directors of the Corporation, which, to the extent provided in the resolution designating the committee or in the By-Laws of the Corporation, shall, subject to the limitations prescribed by law, have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers that may require it. Such committee or committees shall have such name or names as may be provided in the By-Laws of the Corporation or as may be determined from time to time by resolution adopted by the Board of Directors.

(e) To adopt such pension, retirement, deferred compensation or other employee benefit plans or provisions as may, from time to time, be approved by it, providing for pensions, retirement income, deferred compensation or other benefits for officers or employees of the Corporation and of any corporation that is a subsidiary of the Corporation, or any of them, in consideration for or in recognition of the services rendered by such officers or employees or as an inducement to future efforts. No such plan or provision, which is not at the time of adoption unreasonable or unfair, shall be invalidated or in any way affected because any director shall be a beneficiary thereunder or shall vote for any plan or provision under which he may benefit.

(f) To exercise, in addition to the powers and authorities hereinbefore or by law conferred upon it, any such powers and authorities and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the laws of the State of Delaware and of the Certificate of Incorporation and of the By-Laws of the Corporation.



## ARTICLE VII

Limitation of Directors' Liability; Indemnification  
by Corporation

Section 1. Limitation of Directors' Liability. (a) No director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except, to the extent provided by applicable law, for liability (i) for breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the Delaware General Corporation Law or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is hereafter amended to authorize corporate action further limiting or eliminating the personal liability of directors, then the liability of each director of the Corporation shall be limited or eliminated to the full extent permitted by the Delaware General Corporation Law as so amended from time to time.

(b) Neither the amendment nor repeal of this Section 1, nor the adoption of any provision of the Certificate of Incorporation inconsistent with this Section 1, shall eliminate or reduce the effect of this Section 1, in respect of any matter occurring, or any cause of action, suit or claim that, but for this Section 1, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

Section 2. Indemnification by Corporation. (a) The Corporation shall indemnify any person who is or was a director or officer of the Corporation, with respect to actions taken or omitted by such person in any capacity in which such person serves the Corporation, to the full extent authorized or permitted by law, as now or hereafter in effect, and such right to indemnification shall continue as to a person who has ceased to be a director or officer, as the case may be, and shall inure to the benefit of such person's heirs, executors and personal and legal representatives; provided, however, that, except for proceedings to enforce rights to indemnification, the Corporation shall not be obligated to indemnify any person in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized in advance, or unanimously consented to, by the Board of Directors of the Corporation.

(b) Directors and officers of the Corporation shall have the right to be paid by the Corporation expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition.

(c) The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation.

(d) The rights to indemnification and to the advancement of expenses conferred in this Section 2 shall not be exclusive of any other right that any person may have or hereafter acquire under this Certificate of Incorporation, the by-laws, any statute, agreement, vote of stockholders or disinterested directors, or otherwise.

(e) Any repeal or modification of this Section 2 by the stockholders of the Corporation shall not adversely affect any rights to indemnification and to advancement of expenses that any person may have at the time of such repeal or modification with respect to any acts or omissions occurring prior to such repeal or modification.

#### ARTICLE VIII

##### Reservation of Right to Amend Certificate of Incorporation

The Corporation reserves the right to amend, alter, change or repeal any provisions contained in this Certificate of Incorporation in the manner now or hereafter prescribed by law, and all the provisions of this Certificate of Incorporation and all rights and powers conferred in this Certificate of Incorporation on stockholders, directors and officers are subject to this reserved power.

#### ARTICLE IX

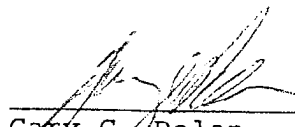
The name and mailing address of the incorporator is Gary C. Dolan, World Financial Center, North Tower, New York, New York 10281-1222.

For the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, the undersigned hereby declares and certifies that the facts herein stated are true; and accordingly has hereunto set his hand this 18th day of September, 1989.

RECEIVED FOR RECORD

SEP 21 1989

EVELYN T. ALEMAR, Recorder

  
\_\_\_\_\_  
Gary C. Dolan  
Incorporator

JFD-2

# Delaware

PAGE 1

*The First State*

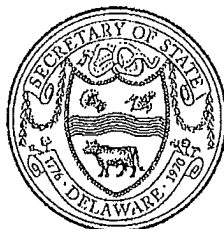
I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "TELEPORT COMMUNICATIONS AMERICA, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SIXTH DAY OF JUNE, A.D. 2012.

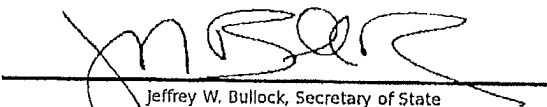
AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE NOT BEEN ASSESSED TO DATE.

5160381 8300

120708872

You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

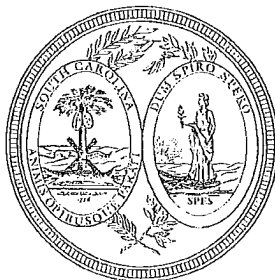


  
Jeffrey W. Bullock, Secretary of State  
AUTHENTICATION: 9622498

DATE: 06-06-12

JFD-3

# *The State of South Carolina*



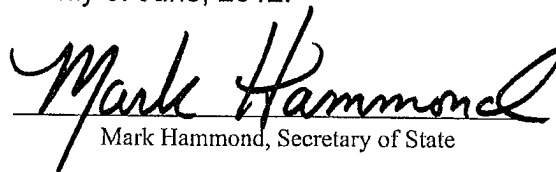
*Office of Secretary of State Mark Hammond*

## **Certificate of Authorization**

**I, Mark Hammond, Secretary of State of South Carolina Hereby certify that:**

TELEPORT COMMUNICATIONS AMERICA, LLC, A Limited Liability Company duly organized under the laws of the State of DELAWARE, and issued a certificate of authority to transact business in South Carolina on June 8th, 2012, with a duration that is at will, has as of this date filed all reports due this office, paid all fees, taxes and penalties owed to the Secretary of State, that the Secretary of State has not mailed notice to the company that it is subject to being dissolved by administrative action pursuant to section 33-44-809 of the South Carolina Code, and that the company has not filed a certificate of cancellation as of the date hereof.

Given under my Hand and the Great  
Seal of the State of South Carolina this  
22nd day of June, 2012.

  
Mark Hammond, Secretary of State

**AFFIDAVIT**


STATE OF NJ )  
COUNTY OF Somerset )

Before me, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid personally came and appeared James F. Dionne who, being by me first duly sworn, deposed and said that:

1. I, James F. Dionne, am Assistant Vice President -- Accounting, AT&T Services, Inc.
2. I have read my foregoing pre-filed testimony, which is dated August 9, 2013 and which consists of fourteen (14) pages and three (3) Exhibits.
3. The contents of my foregoing testimony are true to the best of my knowledge.

  
AFFIANT

Sworn to and subscribed before me this 9th day of August, 2013.

  
NOTARY PUBLIC

My Commission Expires: November 18, 2014

[SEAL]

Cynthia L Hardy  
Notary Public of New Jersey  
My Commission Expires  
November 18, 2014

STATE OF SOUTH CAROLINA                    )  
  )        CERTIFICATE OF SERVICE  
COUNTY OF RICHLAND                        )

The undersigned, Nyla M. Laney, hereby certifies that she is employed by the Legal Department for AT&T South Carolina (“AT&T”) and that she has caused the Verified Direct Testimony of James F. Dionne in support of the Joint Application for Approval of Asset Transfer to be served on the following on August 9, 2013:

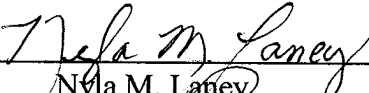
Florence P. Belser, Esquire  
Office of Regulatory Staff  
1401 Main Street, Suite 900  
Columbia, South Carolina 29201  
**(Electronic Mail)**

F. David Butler, Esquire  
Senior Counsel  
S. C. Public Service Commission  
Post Office Box 11649  
Columbia, South Carolina 29211  
(PSC Staff)  
**(Electronic Mail)**

Joseph Melchers  
General Counsel  
S.C. Public Service Commission  
Post Office Box 11649  
Columbia, South Carolina 29211  
(PSC Staff)  
**(Electronic Mail)**



Jocelyn G. Boyd, Esquire  
Chief Clerk  
S. C. Public Service Commission  
Post Office Box 11649  
Columbia, South Carolina 29211  
(PSC Staff)  
**(Electronic Mail)**

  
Nyla M. Laney

1086977